

## 1 SENATE BILL NO. 37

2 INTRODUCED BY T. SCHMIDT

3 BY REQUEST OF THE STATE AUDITOR

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A BANK, TRUST COMPANY, OR BROKERAGE FIRM  
6 ACTING AS CUSTODIAN OF AN INSURER'S SECURITIES TO AGREE TO INDEMNIFY THE INSURER FOR  
7 THE LOSS OF ANY OF THE INSURER'S SECURITIES ~~WHILE~~ RESULTING FROM THE INTENTIONAL OR  
8 NEGLIGENT ACT OR OMISSION OF THE CUSTODIAN WHILE THE INSURER'S SECURITIES ARE IN ITS  
9 CUSTODY."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12  
13 NEW SECTION. **Section 1. Indemnification agreement.** An insurer may contract with any national  
14 or state bank, trust company, or securities brokerage firm to act as custodian for the insurer's securities. The  
15 contract must contain an indemnification agreement stating that the custodian is obligated to indemnify the  
16 insurer for any loss of the insurer's securities in its custody RESULTING FROM THE INTENTIONAL OR NEGLIGENT ACT  
17 OR OMISSION OF THE CUSTODIAN OR THE EMPLOYEE, OFFICER, OR AGENT OF THE CUSTODIAN.

18  
19 NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an  
20 integral part of Title 33, chapter 12, part 1, and the provisions of Title 33, chapter 12, part 1, apply to [section 1].

21 - END -